

MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

PART I: GENERAL INFORMATION

Type of Requestor: (X) HCP () IE () IC	Response Timely Filed? () Yes (X) No
Requestor Vista Medical Center Hospital 4301 Vista Rd. Pasadena, TX 77504	MDR Tracking No.: M4-04-0133-01
	TWCC No.:
	Injured Employee's Name:
Respondent's Texas Mutual Insurance Co. Rep. Box # 54	Date of Injury:
	Employer's Name: Smart Materials Inc.
	Insurance Carrier's No.: 99-238606

PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
9-25-02	10-1-02	Inpatient Hospitalization	\$111,415.95	\$62,246.62

PART III: REQUESTOR'S POSITION SUMMARY

M – Code used improperly to designate reimbursement pursuant Acute In-Patient Stop Loss per Fee Guideline.
F – Payment not in accordance with Acute In-Patient Stop Loss Fee Guideline.

PART IV: RESPONDENT'S POSITION SUMMARY

F

PART V: MEDICAL DISPUTE RESOLUTION REVIEW SUMMARY, METHODOLOGY, AND/OR EXPLANATION

This dispute relates to inpatient services provided in hospital setting with reimbursement subject to the provisions of Rule 134.401 (Acute Care Inpatient Hospital Fee Guideline). The hospital has requested reimbursement according to the stop-loss method contained in that rule. Rule 134.401(c)(6) establishes that the stop-loss method is to be used for “unusually costly services.” The explanation that follows this paragraph indicates that in order to determine if “unusually costly services” were provided, the admission must not only exceed \$40,000 in total audited charges, but also involve “unusually extensive services.”

After reviewing the documentation provided by both parties, it **does** appear that this particular admission involved “unusually extensive services.” In particular, this admission resulted in a hospital stay of 6 days based upon bilateral laminectomy with foraminotomies of L2-S2, excision of herniated disk at L3-4, excision of portion of spinous process of L2, complete L3, portions of L4 and most of S1, anterior interbody fusion of L3-4 with BAK cages, lateral transverse fusion, L3-S2, bilateral lateral instrumentation L3-S1. Accordingly, the stop-loss method does apply and the reimbursement is to be based on the stop-loss methodology.

The requestor billed \$184,332.60 for the hospitalization. In determining the total audited charges, it must be noted that the insurance carrier has indicated some question regarding the charges for the implantables. The requestor billed \$108,260.00 for the implantables. The insurance carrier paid \$21,126.00 for the implantables based on a cost plus 10% approach. The key issue is what amount would represent the usual and customary charges for these implantables in determining the total audited charges. The requestor did not provide the Commission with any documentation on the actual cost of implantables or how their charges were derived.

Based on a review of numerous medical disputes and our experience, the average markup for implantables in many hospitals is 200%. Since the requestor did not present any documentation supporting their cost or charge, we will apply this average mark-up to the cost amount derived from the carrier's payment in order to determine the amount to use in the total audited charges. Based on a reimbursement of \$21,126.00, it appears that the carrier found that the cost for the implantables was \$19,204.45 (reimbursed amount divided by 110%). This amount multiplied by the average mark-up of 200% results in an audited charge for implantables equal to \$38,410.90.

The audited charges for this admission, excluding implantables, equals \$76,072.60. This amount plus the above calculated audited charges for the implantables equals \$114,483.50, the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to \$85,862.62.

The insurance carrier paid \$23,616.00 for the inpatient hospitalization. The difference between amount paid and amount due = \$62,246.62.

Based on the facts of this situation, the parties' positions, and the application of the provisions of Rule 134.401(c), we find that the health care provider is entitled to a reimbursement amount for these services equal to \$62,246.62.

PART VI: COMMISSION DECISION AND ORDER

Based upon the review of the disputed healthcare services, the Medical Review Division has determined that the requestor is entitled to additional reimbursement in the amount of \$62,246.62. The Division hereby **ORDERS** the insurance carrier to remit this amount plus all accrued interest due at the time of payment to the Requestor within 20-days of receipt of this Order.

Ordered by:

Allen McDonald, Director

Authorized Signature

Typed Name

Date of Order

Decision by:

Elizabeth Pickle

Authorized Signature

Typed Name

Date of Order

PART VII: YOUR RIGHT TO REQUEST A HEARING

Either party to this medical dispute may disagree with all or part of the Decision and has a right to request a hearing. A request for a hearing must be in writing and it must be received by the TWCC Chief Clerk of Proceedings/Appeals Clerk within 20 (twenty) days of your receipt of this decision (28 Texas Administrative Code § 148.3). This Decision was mailed to the health care provider and placed in the Austin Representatives box on _____. This Decision is deemed received by you five days after it was mailed and the first working day after the date the Decision was placed in the Austin Representative's box (28 Texas Administrative Code § 102.5(d)). A request for a hearing should be sent to: Chief Clerk of Proceedings/Appeals Clerk, P.O. Box 17787, Austin, Texas, 78744 or faxed to (512) 804-4011. A copy of this Decision should be attached to the request.

The party appealing the Division's Decision shall deliver a copy of their written request for a hearing to the opposing party involved in the dispute.

Si prefiere hablar con una persona in español acerca de ésta correspondencia, favor de llamar a 512-804-4812.

PART VIII: INSURANCE CARRIER DELIVERY CERTIFICATION

I hereby verify that I received a copy of this Decision in the Austin Representative's box.

Signature of Insurance Carrier: _____ Date: _____